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CENTRAL INTELLIGENCE AGENCY

Memorandum

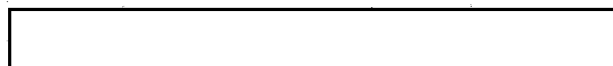


THE SITUATION IN VIETNAM

Information as of 1600
28 June 1966

State Department review completed

PREPARED FOR THE NATIONAL SECURITY COUNCIL
FURTHER DISSEMINATION OF INFORMATION
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HIGHLIGHTS

The Ky government reportedly hopes to announce cabinet changes and the membership of its new civilian-military advisory council by 1 July. In addition, the government is planning to brief local officials in the near future on the September elections.

I. The Military Situation in South Vietnam:
Only light contact was reported today between US and Communist forces (Paras. 1-2). Three South Vietnamese Army battalions, participating in a one-day search-and-destroy operation, reported killing 80 Viet Cong in An Xuyen Province (Para. 3).

II. Political Developments in South Vietnam:
The government hopes to announce cabinet changes and the membership of its new civilian-military advisory council by 1 July (Paras. 1-2). [REDACTED]

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[REDACTED]
[REDACTED] Vietnamese construction workers who have been on strike in the Saigon area for the past week reportedly agreed to return to work tomorrow while wage negotiations continue (Para. 5). The unofficial piaster prices of gold and US dollars rose today, with no satisfactory explanation yet available (Para. 6). Buddhist Institute leaders apparently have not yet settled their differences (Para. 7). Premier Ky appears to be trying to conciliate Institute Chairman Tam Chau following the government's raid on the Institute last week (Para. 8).

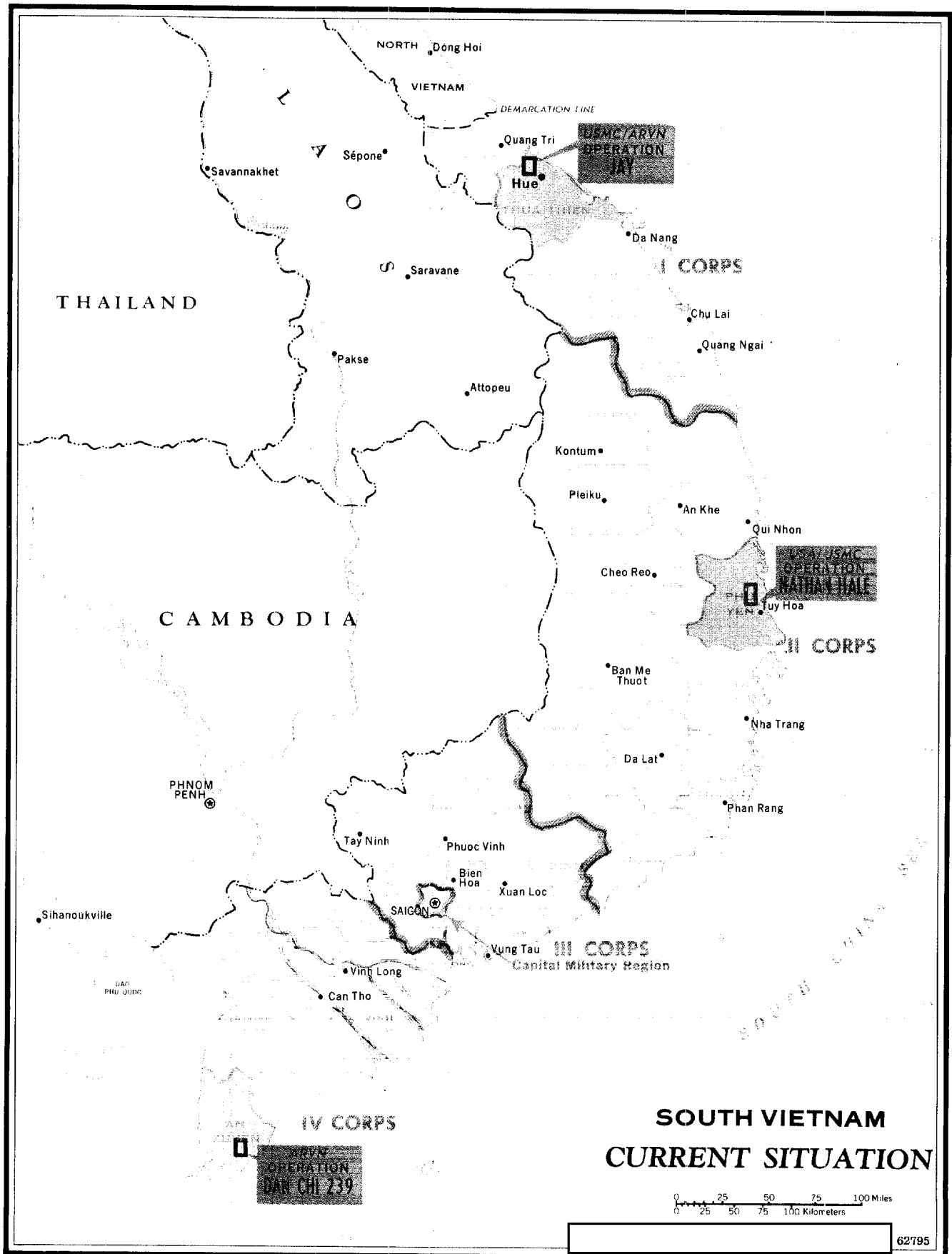
III. Military Developments in North Vietnam:
There is nothing of significance to report.

IV. Other Communist Military Developments:
There is nothing of significance to report.

V. Communist Political Developments: There
is nothing of significance to report.

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. In northern Thua Thien Province, US Marine patrols encountered light sniper fire today while searching the marshy flatlands between Route 1 and the coast 12 miles north of Hue in Operation JAY. Dog teams were used by the marines in an effort to track down the enemy, many of whom are reported to have moved underground into a vast network of tunnels. Communist casualties currently stand at 88 killed. US casualties remain unchanged at 23 killed and 58 wounded.

2. Operation NATHAN HALE, the large search-and-destroy operation being conducted in the jungled coastal hills of Phu Yen Province, continued today with only light contact reported. A total of 60 Americans have been killed and 232 wounded in this operation which began on 18 June. Communist losses stand at 411 killed and 20 captured, with over 150 weapons seized.

3. Three South Vietnamese Army battalions, participating in a one-day search-and-destroy operation DAN CHI 239 in southernmost An Xuyen Province, established contact with an estimated company-size enemy force today. In the ensuing engagement, three South Vietnamese were killed and 11 wounded. A total of 80 Viet Cong were reported killed. Many weapons, including several machine guns and 70 field packs, were seized.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

GVN Hopes to Announce New Cabinet and Military-Civilian Council on 1 July

1. According to civilian Directorate member Nguyen Luu Vien, the government will probably announce its new cabinet on 1 July. Vien told a US Embassy official that Premier Ky had asked him to become a deputy premier in charge of health, education, welfare, and labor, and that he had tentatively accepted Ky's proposal. Within his new area of responsibility, Vien stated that the ministers for labor and education would be replaced. The present minister of education, Tran Ngoc Ninh, has been noted for his ties with the Buddhist Institute. Other major cabinet changes mentioned by Vien include the elevation of General Thang to a "super minister" for revolutionary development, and new ministers for justice, interior, and information/Chieu Hoi.

2. Meanwhile, the government is also attempting to line up members for its military-civilian advisory council. The selection of council members originally to consist of 60 civilians in a total of 80 members, has apparently run into some difficulties during the past week, and may only amount to some 40 in all.

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One tentative list of members was leaked to the press earlier, but at least one whose name appeared on the list declared that he had not been formally invited by the government. Thus far, provincial councilmen who were members of the election law drafting committee have been invited to become members of the new advisory council, but are apparently planning to withhold their acceptances unless the government allows them to hold their provincial council seats as well.

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Vietnamese Construction Workers Reportedly to Resume Work

5. According to the press, labor representatives today agreed to call a temporary halt to a strike by some 12,000 construction workers in the general Saigon area. Workers reportedly will return to work tomorrow while wage negotiations continue, with the apparent stipulation that a settlement be reached by 15 July.

Disturbing Rise in Gold and Dollar Exchange Rates

6. The US Embassy reported today that the unofficial piaster prices of gold and US dollars are now rising, with no satisfactory explanation yet available for this trend. The exchange rates had generally been dropping since the government announced its devaluation and other economic reform measures on 18 June. The embassy also noted that among domestic products pork is presently unobtainable in Saigon markets, while the most serious price rise among imported commodities is that of wheat flour, which has risen some 57 percent since 14 June.

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Buddhist Institute Troubles Remain Unresolved

7. Press reports today stated that members of the Buddhist Institute Council met yesterday at Tri Quang's bedside, but that no decisions were announced. A spokesman for Tri Quang reportedly announced that Quang was still "considering" a letter from patriarch Tinh Khiet ordering him to end his hunger strike. Khiet's communique' from Hue, which was made public yesterday, also ordered Tam Chau to take charge of efforts to reach an accord with the government. Khiet, who is over 80 and rarely takes part in secular affairs, evidently signed the communique', although it is not yet clear who drafted the document.

8. Meanwhile, Premier Ky is apparently attempting to conciliate moderate Institute Chairman Tam Chau after Chau's criticism of the government raid on the Institute on 23 June. According to a partial translation of Vietnamese language newspaper in Saigon today, Premier Ky expressed regret to Tam Chau for the government's action, and personally ordered a halt in the search of the Institute after learning of the raid. Ky also offered reparations for any damage that might have been inflicted by the government and ordered the release of any genuine members of the Buddhist clergy.

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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. There is nothing of significance to report.

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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. There is nothing of significance to report.

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